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ABSTRACT

This guide is intended to assist community-based providers in New York City who intend to blend universal pre-kindergarten funds with public child care funds, Head Start, preschool special education, or other funds to provide full or extended day early education programs for children. The guide provides information on how to allocate a program's costs for administration, staff, curriculum, equipment, and other program-related expenses across all funding streams with the intent to optimize the dollars available for program enhancement and expansion. The recommendations were developed based on an analysis of cost allocation procedures of the City of New York and the Board of Education as well as various education and care programs. The guide is organized into six sections. Following introductory remarks, the guide provides background information on the state legislation authorizing a funding mechanism to create the universal pre-kindergarten program in New York. General considerations in allocating costs across various funding streams are detailed, including information on the acceptable basis for allocating costs. The use of charts to document new accounting categories for universal pre-kindergarten programs is highlighted. The guide then provides a list of frequently-asked questions and answers on union compensation rates, fringe benefit administration, reimbursement for pre-kindergarten instructional space in direct lease sites, and private program participation in the universal pre-kindergarten program. The guide's five appendices include an administrative advisory from the Agency for Child Development on blending funds in various types of existing programs, and details of acceptable cost allocation categories for universal pre-kindergarten programs in ACD-contracted programs, Head Start programs, private day care, and preschool special education programs. (KB)

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THE EARLY CHILDHOOD STRATEGIC GROUP

A GUIDE TO COST ALLOCATION PROCEDURES:

IMPLEMENTING STRATEGIES FOR UNIVERSAL PRE-KINDERGARTEN

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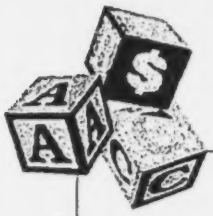
This guide was prepared by Watson Rice, Inc. Management Consulting at the behest of the Early Childhood Strategic Group.

The purpose of this Guide is to assist community-based providers who intend to *blend* Universal Pre-K (UPK) funds with public child care funds, Head Start, preschool special education or other funds in order to provide full or extended day early education programs for children.

The Guide provides information on how to allocate a program's administrative, staff, curriculum, equipment and other program-related costs across all funding streams with the intent to optimize the dollars available for program enhancement and expansion. It is meant to help program administrators consider various options from an accounting perspective. The specifics should always be reviewed with an accountant.

The recommendations herein were developed by researching and analyzing cost allocation procedures of the City of New York and the Board of Education. We also reviewed current cost-allocation procedures currently used by ACD-contracted programs, ACS/Head Start-contracted programs, private day care programs, and special education programs.

The effect of enacting the recommendations in this guide will depend on the efforts of program personnel who participate in the implementation. It is important to remember that cost allocation is an accounting procedure. This guide is meant to help program administrators consider various options from an accounting perspective. The specifics should be reviewed with a knowledgeable accountant.



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I. INTRODUCTION

In 1997, New York State launched its Universal PreKindergarten (UPK) program with the goal of providing early education programs to all four-year-olds in the state over a five-year period.

Recognizing the diversity of providers offering early childhood programs, as well as the need for full day programs for working parents, the legislation mandated that community-based providers be allowed to participate in offering the UPK program. Aside from the public schools, early education providers include day care centers, Head Start, nursery schools, preschool special education programs, parochial schools, and family child care providers.

Within these settings, UPK can be offered either as a *stand-alone program* that operates for 2 1/2 hours and is supported exclusively by UPK funds, as an *integrated, full day program*, or as a *wrap-around* for other part day funding.

The purpose of this Guide is to assist community-based providers who intend to *blend* Universal Pre-K (UPK) funds with public child care funds, Head Start, preschool special education or other funds in order to provide full or extended day early education programs for children.

The Guide provides information on how to allocate a program's administrative, staff, curriculum, equipment and other program-related costs across all funding streams with the intent to optimize the dollars available for program enhancement and expansion. It is meant to help program administrators consider various options from an accounting perspective. The specifics should always be reviewed with an accountant.

It is important to remember that cost allocation is an accounting procedure. A good understanding of cost allocation procedures is important in preparing sound budgets. Furthermore, knowledge of cost allocation procedures will help to ensure that programs can make full and appropriate use of all available funds. However, the first step is to design the program model and then think about how to finance it.

The Early Childhood Strategic Group has developed this report as one of a series of publications intended to ensure the successful planning and implementation of the Universal PreK program in New York City. It was developed in response to the need expressed by many providers for technical assistance in this area. The challenge of blending discreet funding streams falls to each provider. The programs must pay careful attention to the various funding and reporting requirements.

Recognizing the complexity of this issue, the Early Childhood Strategic Group, in concert with the Board of Education (BOE), Agency for Child Development (ACD), ACS/ Head Start, and the Department of Health, have been meeting regularly to address the challenges that continue to arise. The ACD has published an Administrative Advisory to address cost allocation in publicly funded child care programs (See Appendix A). This advisory assures providers that they can blend child care and UPK funds and that budget categories can be adjusted if properly documented. The intent is to ensure that all funds are used to support the highest quality program.

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II. BACKGROUND

New York State Education Law Section 3602-e provides a state funding mechanism to help create "Universal Pre-Kindergarten" (UPK) for all four-year olds in the state by the year 2002. In New York City alone, during the 1998-1999 school year, 130 community-based providers joined with the Board of Education (BOE) schools to develop programs for approximately 14,000 children. In the second year of UPK implementation, over 300 community-based providers will contract with the Board of Education to offer UPK services.

The Board of Education does not prescribe the accounting system to be used by community-based providers who operate under contract with its school district offices. Nonetheless, eligible providers must be able to demonstrate increased services to children in order to justify budget items.

Remember: Programs risk the failure of a claim if they use inadequate accounting systems. They may also fail to make a proper claim for program enhancement or expansion if appropriate cost accounting procedures are not followed.

III. INTRODUCTION TO COST ALLOCATION

Cost allocation is necessary when there are different funding sources paying for like services. For example, the day care and Head Start programs may share similar costs with the Board of Education's Universal PreK program. Therefore, when there is blended funding, it is important to charge each program with its fair share of program costs.

In the absence of contractual agreements that provide specific rules for allocating items such as rent, salaries, and other cost items, Generally Accepted Accounting Principles (GAAP) issued by the American Institute of CPAs (AICPA) will apply. Under these principles:

- A teacher who teaches for more than one program must be allocated across all programs for which he/she works.
- General maintenance and overhead expenses must be allocated among all programs.
- The cost of supplies that are purchased for distribution among multiple programs must be allocated among these programs if direct charges are not possible.

A contractor is expected to consistently follow GAAP and to maintain books, records, documents, and other evidence in sufficient detail to support all claims against the Board of Education and other funding sources. *Not to do so is to risk the loss of funding dollars.* (Note that some UPK providers, such as 4410 Special Education providers, have contracts with other funding sources that do prescribe certain accounting procedures. In these cases, those procedures should be applied to UPK as well.)

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General Considerations

In order to allocate costs, a series of determinations must be made. These are:

- Direct program costs must be distinguished from indirect program costs (see Definitions, below).
- Direct and indirect cost basis for allocation must be made for each cost category (see Acceptable Basis for Cost Allocation, below).
- Costs allowable under each contract must be made (see Definitions).
- Costs allocable to each contract must be made (see Definitions).

Definitions

Direct program costs. Direct program costs are any costs that can be specifically identified with a particular program; for example: teachers, materials, equipment.

Indirect program costs. Indirect costs, also known as administration and overhead, are any costs resulting from common or joint activities and of such nature that they cannot practically be assigned to the contract as direct costs; for example, electricity, director's time.

Allowable costs. For costs to be allowable, they must meet four broad criteria:

- They must be reasonable;
- They must be allocable;
- They must result from the application of generally accepted accounting principles;
- They must comply with the terms of the contract.

Reasonable costs. A cost is reasonable if:

- In type and amount, it is necessary to the completion of the contract or for the performance of business;
- It is not in excess of an amount that would have been arrived at as the result of a competitive "arm's-length" transaction;
- It is in compliance with the terms of the contract.

Allocable costs. An allocable cost is any cost that can be assigned or charged to a particular contract. A cost is allocable to a contract if it is incurred especially for that contract or if it is necessary to the operation of the business.

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IV. ACCEPTABLE BASIS FOR ALLOCATING COSTS

Different costs must be allocated using a basis appropriate and acceptable to the category that is being measured. The acceptable bases for allocating costs are:

COSTS	BASIS
Personnel Costs	Time
Space, Gas, Light, & Heat	Square footage, time
Equipment & Supplies	Number of children
Administration & Overhead	Number of children
Accounting Personnel Costs	Actual costs

Documentation for all allocation methods (bases and percentages) must be retained for a minimum of seven years.

Please see Appendices B1 through B4 for charts that detail acceptable cost allocation categories for UPK programs in 1) ACD-contracted programs, 2) Head Start programs, 3) private day care, and 4) preschool special education programs.

V. RECORDING EXPENSES AND ALLOCATIONS

A sound *chart of accounts* is critical to the accounting operation. You will probably need to work with your accountant to set up your chart of accounts to include new categories for UPK. An updated chart of accounts designed to reflect the Universal Pre-K expenses will indicate transactions by accountabilities and responsibilities to the maximum extent possible.

This can be done by using a chart of accounts that indicates funding sources for each account code. For example:

Account Code	Description	with Funding Sources	
Direct Costs			
# 500	Salaries and Fringe Benefits	500.00	
		500.01	Pre-K
		500.02	Head Start
		500.03	Day Care
		500.04	Special Ed
# 600	Other Than Personnel Services	600.00	
		600.01	Pre-K
		600.02	Head Start
		600.03	Day Care
		600.04	Special Ed
Indirect Costs			
# 700	Salaries and Fringe Benefits	700.00	
		700.01	Pre-K
		700.02	Head Start
		700.03	Day Care
		700.04	Special Ed
# 800	Other Than Personnel Services	800.00	
		800.01	Pre-K
		800.02	Head Start
		800.03	Day Care
		800.04	Special Ed

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The simplest way of applying GAAP to cost allocations is to consistently record incurred expenses using the same agreed-upon basis of allocation for each expense category. If allocation bases by expense category (for all expense categories) are defined at the beginning of the year, it will facilitate easier reporting of expenditures as required.

Examples of Recording Expenses and Allocations

The following examples represent good accounting practice. They are not meant to be prescriptive. There are a number of options to explore with your accountant.

1. Blended Teacher Position Funded by ACS/ACD and BOE UPK — *Direct Costs*

In this example, a teacher in an ACD-contracted day care center now takes on the additional responsibility to teach 2 1/2 hours of UPK. How can her time be allocated to ACD and the Board of Education. Following our process, the basis for allocation is "time" and the cost is a direct cost for both programs. The cost is allowable and allocable to both ACD and the BOE. Using "time" as the basis for allocation, we come up with the following:

Program Hours	ACD 7 1/2 Hours per day	UPK 2 1/2 Hours per day
Program Days	ACD 261 days per year	UPK 180 days per year

Assumed Annual Salary $35,000 for 7 1/2 Hours per day
Bi-Weekly Salary $1,341
Daily Salary $134.10
Hourly Salary $17.88

Step 1 — Calculate cost allocation percentages

ACD						
5 hours	x	$17.88 per hour	x	180 days =	$ 16,092	
7 1/2 hours	x	$17.88 per hour	x	81 days =	10,862	
Total ACD				261 days	$ 26,954	77%
UPK						
2 1/2 hours	x	$17.88 per hour	x	180 days =	8,046	23%
				Grand Total All	$ 35,000	100%

Step 2 — Calculate allocated expense amounts

ACD				
$1,341 bi-weekly salary	x	.77 =	$1,032.57	Gross Salary
UPK				
$1,341 bi-weekly salary	x	.23 =	$ 308.43	Gross Salary

Step 3 — Record gross salary expense as per Chart of Accounts

Direct Costs:		
Salaries	500.01 UPK	$ 308.43
	500.03 Day Care	$ 1,032.57

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2. Blended Program Director — *Indirect Cost Administration and Overhead*

In this example, the cost of a Program Director who oversees a Head Start program and a UPK program is allocated accordingly. The basis for allocation for administration is the "number of children." The cost is allowable and allocable to Head Start and the BOE. The cost is indirect.

Total number of children all ages: 55
Total number of UPK-funded children: 20

Assumed Annual Salary: $50,000
Bi-Weekly Salary: $1,915.71

Step 1 — Calculate cost allocation percentages

Head Start
35 children divided by 55 children = .636 or 64% rounded
UPK
20 children divided by 55 children = .363 or 36% rounded

Step 2 — Calculate allocated expense amounts

Head Start	
$1,915.71 bi-weekly salary x .64 = $1,226.05	Gross Salary = $32,000
UPK	
$1,915.71 bi-weekly salary x .36 = $ 689.66	Gross Salary = $18,000

Step 3 — Record gross salary expense as per Chart of Accounts

Indirect Costs		
Salary and Fringe Benefits	700.01 UPK	$ 18,000
	700.02 Head Start	$ 32,000

3. Examples of Program Enhancement

If we follow the above examples, money was freed up from ACD and Head Start budgets. The directors can now use this money to provide program enhancements. Here are some examples that are allowable and allocable under the ACD and Head Start budget guidelines.

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Art instruction for children for 2.5 hours per week.
The director wants to use an art teacher who is not on staff. In this case, the director would move the savings from the ACD Salaries and Fringe Benefits category to the ACD Other Than Personnel Services (OTPS) category. The director adds the costs of a consultant to the ACD budget under:

1. Other Than Personnel Services (OTPS)
   Services - Consultant (Music instruction, 90 hrs @ $50 per hour) = $4,500

Field trips once a month.
Again, the director would add the costs of the field trips to OTPS.

2. Other Than Personnel Services (OTPS)
   Other - Field Trips (55 children x $4 per child x 9 trips) = $1,980

Outdoor Equipment—Swing Set. Following ACD's Advisory, the director may add the cost of this equipment to OTPS.

3. Other Than Personnel Services (OTPS)
   Other - Outdoor Equipment (One swing set @ $2,000) = $2,000

In addition to money saved from the ACD and Head Start budgets, in our examples, the UPK budget allows additional funds to pay for additional time spent by personnel for program enhancement and/or additional funds for materials, equipment and indirect costs such as office furniture, computers, etc.

Remember, it is important to add justifiable costs in your budget proposal from the beginning of the process.

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VI. QUESTIONS AND ANSWERS

Q Can a provider offer reasonable compensation that is greater than the amount of the union rates budgeted and contracted by ACS/ACD day care and ACS Head Start?

A One suggested way a UPK program might offer reasonable compensation beyond the union rates is in the form of a stipend, or bonus, structured as a non-recurring and non-accumulating payment. Such a payment would represent compensation in excess of regularly scheduled salary that is not directly related to hours worked. However, in all questions of allocations chargeable to the UPK program, it is critical that the program be able to demonstrate increased services to children in order to withstand Board of Education scrutiny. For ACS/ACD funded programs, see Appendices A and B.

Q *How does a provider properly administer fringe benefits for PreK staff in a blended program?*

A The simplest way to administer fringe benefits is to first look at the maximum number of hours the PreK staff will work per week, determine the bi-weekly salary amount, and then apply the statuary rates for FICA, Medicare, and UIB. At 2 1/2 hours per day, PreK staff will work 12 1/2 hours per week. Therefore, the fringe benefits that the staff is entitled to by law are FICA, Medicare, and unemployment insurance. If the staff receives other fringe benefits these must be cost allocated as well.

Q *Now that ACS/ACD will reimburse blended classroom staff for 5 hours over 180 days, what happens to the funds associated with the 2 1/2 hours?*

A ACS/ACD has issued its administrative guidelines regarding allocating costs in a publicly-funded child care program. (See Appendix A) The agency supports the use of these funds to enhance the day care programs. This makes it possible to use the money for a variety of program enhancements. These budget changes need to be approved.

Q *How can a provider reimburse ACS/ACD for the allocated UPK instructional space if the program is housed in an ACS/ACD direct lease site?*

A The rents for direct lease sites are paid directly by the City of New York. Even in direct lease sites where the rent is paid directly by the city, it is required that you allocate the rent costs. Each provider should be prepared to reimburse ACS/ACD for the value of the Pre-K instructional space if requested to do so. It is recommended that the allocated rent be expensed and recorded as a payable to the ACS/ACD monthly.

A program wishing to use these saved funds for program enhancement must submit a written request to ACS/ACD. Programs receiving Head Start funds should contact the grantee agency to discuss options. See Appendix B for details.

Q *May a private program, funded solely by tuition and CACFP and enrolling UPK children, reduce tuition charges? What concerns will be raised?*

A Tuition costs may be lowered to reflect participation of children in the free Universal PreK program. However, should the tuition cost remain the same for children enrolled in UPK, the program must provide enhanced services in order to withstand a Board of Education audit.

ACD Administrative Advisory for Allocating Costs in a Publicly-funded Child Care Program

Administration for Children's Services
Agency for Child Development
Division of Program Operations
Bureau of Program Development
30 Main Street, Brooklyn, NY 11201

May 1999

APPENDIX A

ADMINISTRATIVE ADVISORY FOR ALLOCATING COSTS IN PUBLICLY-FUNDED DAY CARE PROGRAMS

BACKGROUND

The Administration for Children's Services (ACS)/Agency for Child Development (ACD) funds child care services through contracts with community-based organizations that operate group day care and family day care programs in New York City. ACS/ACD has oversight and regulatory responsibilities to assure that all funded programs meet federal, state and city regulations.

ACS/ACD is aware that many child care program sponsors enter into additional contractual agreements with other than ACS/ACD funding sources to offer additional models *of* early education services for children and families.

The purpose of this document is to provide guidance to those programs who enter into additional other than ACS/ACD contractual agreements, so that each funding source is charged with its fair share of program costs, thereby ensuring proper program accountability. A separate bank account must be established for each funding source

COST ALLOCATION PROVISIONS

The Purchase of Services Agreement Article 4.5 clearly outlines the ACS/ACD expectations of contractors to develop a cost-allocation plan that fairly and accurately reflects the actual share of costs that may be allocated with respect to the current ACS/ACD budget and contract agreement.

ACS/ACD EXISTING BUDGET CATEGORIES:

ACS/ACD day care budgets have three main categories. They are personnel, facility or occupancy, and other than personnel services or OTPS.

Personnel costs consume approximately 85% of most day care budgets. Staff positions are determined in accordance with ACS/ACD and the New York City Department of Health (DOH) regulations and licensing requirements. All ACS/ACD publicly-funded programs must employ sufficient classroom staff to maintain appropriate adult/child ratios that meet, at a minimum, the DOH licensing requirements. Personnel costs include staff positions that are reflective of the program modalities, ages of children in the program, and administrative structures requested by sponsors. Personnel categories, therefore, include administration, classroom and support staff. Some examples of personnel costs include:

- executive director
- chief fiscal officer
- education director
- administrative director
- FDC coordinator
- clerical staff, such as office assistants, receptionists, secretaries, bookkeepers.

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Their costs would be included in the following budget categories:

- program administrative staff
- central administrative staff
- program support staff
- classroom staff
- employer's FICA
- benefits, such as health insurance, unemployment, welfare and/or pension plans. These costs are centrally administered by ACS/ACD.

Facility or occupancy costs are costs associated with the use of the space and are included in the following budget categories:

- rent
- utilities
- real estate taxes
- maintenance and repair
- renovations
- maintenance services

OTPS include all other costs not attributable to either personnel or facility. They include:

- classroom and office supplies
- classroom equipment
- services
- other (e.g. audits, banking fees)

COST-ALLOCATION EXPECTATIONS FOR EACH CATEGORY

I. PERSONNEL:

(1) Administrative staff whose salaries are funded 100 % by ACS/ACD for a full-time position are expected to perform the duties and responsibilities that their administrative positions require.

(2) For personnel who work exclusively under a contractual agreement other than ACS/ACD, 100% of their costs should be charged to that funding source. This includes benefits such as health insurance, unemployment, welfare and/or pension plans.

(3) For personnel who work for more than one funding source, the sponsor should apply an appropriate formula to ensure that each funding source pays its fair share. For example, a teacher works for 7 1/2 hours per day. If 2 1/2 hours of the 7 1/2 hour day is providing universal pre-kindergarten (UPK) services, then appropriate formula would be 2 1/2 hours allocated/charged to UPK and 5 hours allocated/charged to ACS/ACD.

(4) Sponsors may elect to provide qualified staff (e.g. fully certified teachers) with a annual one time non-pensionable bonus. This bonus should be based on qualification, additional responsibility, and performance evaluation.

(5) An ACS/ACD teacher-aide normally works for four hours per day. Any additional hours assigned to this employee should be charged directly to the funding source for whom this person is working for the hours beyond the normal four-hour ACS/ACD work day.

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II. FACILITY/OCCUPANCY COSTS:

ACS/ACD includes facility/occupancy costs within each budget based on square footage rent and other related costs.

The cost-allocation method used to charge an additional funding source for space should include consideration for square feet of space being used, whether the space is used by the funding source exclusively or shared, the numbers of children being served and hours of operation of the service. Each ACS/ACD lease agreement contains the cost-per-square-foot of the space being used. Sponsors should be guided by the lease agreement.

III. OTPS

Programs who operate other than ACS/ACD exclusive classrooms should charge all related OTPS costs to the appropriate funding source.

Programs who share space between ACS/ACD and other funding sources, should allocate costs on a standard basis to each funding source. The cost-allocation method should be based on the number of children, the hours of operation, etc.

ACS/ACD also expects sponsors to cost-allocate expenses related to audits, banking fees, and related administrative services such as bookkeeping and custodial services. Each funding source should pay its fair share of costs associated with these services.

USE OF FUNDS

ACS/ACD funds saved/earned as a result of cost-allocation practices must be used to enhance and enrich the total day care program operation; they must not to be used to offset the ACS/ACD funding commitment.

ACS/ACD funds may be used to support the following:

- services of specialized consultants who will enhance the program for children, such as qualified specialists in mathematics, science, music, art, language arts or movement who will work directly with the children or hold on-site workshops for staff and parents;
- trips taken by children during regular program hours;
- professional development activities for staff and parents that support their individual growth in early childhood education, parenting education, literacy skills, special education and other related services;
- upgrade and replacement of the program's indoor and outdoor equipment, and teaching and play supplies; or
- repair of the program's equipment.

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A program wishing to use ACD funds for purposes other than those itemized above must submit a proposal/request in writing to the Assistant Deputy Commissioner for Financial Management, at 30 Main Street, 10th Floor, Brooklyn, N.Y. 11201 and receive written approval prior to disbursing such funds. ACS/ACD will monitor the program and review documentation of adherence to these guidelines as part of the audit and annual performance review process.

These guidelines provide sponsors of ACS/ACD programs with flexibility to develop and justify their individual cost-allocation plans to best meet the needs of the children, families, and communities served by them. Sponsor, however, are advised that all cost-allocation plans must be submitted to the ACS/ACD Office of Financial Management for review and approval.

ACS/ACD holds sponsoring organizations of publicly-funded day care programs responsible and accountable for adhering to the provisions of this advisory. Technical assistance may be requested through the ACS/ACD Office of Financial Management.

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APPENDIX B-1

ALLOCATING COST IN AN EXISTING ACD CONTRACTED PROGRAM

ALLOCATING UNIVERSAL PRE-K COSTS

Three (3) Classrooms /55 children
1 three-year-old room/15 children
2 four-year-old rooms/40 children [with 20 Universal Pre-K children (10 in each room)]

Allowable Board of Ed Costs	Allowable and Allocatable to ACD	Basis of Allocation
Direct Costs		
Salaries and Fringe Benefits		
Teachers	Yes	Hours—2.5/7.5 hrs.
Assistant Teachers	Yes	Hours—2.5/7.5 hrs.
Teacher's Aides	Yes	Hours—2.5/7.5 hrs.
Social Workers	No	N/A
Family Workers	No	N/A
Other Than Personnel Services		
Instructional Area Facility Cost	Yes	Square feet, time
Equipment Purchase	Yes	Number of children
Equipment Rental	Yes	Number of children
Meals	No	N/A
Snacks	No	N/A
Instructional Supplies	Yes	Number of children
Travel Expenses Instructional/Recreational	No	N/A
Support Services to Children & Families	No	N/A
Parent Involvement	Yes	Number of children
Indirect Costs - Administration and Overhead		
Salaries and Fringe Benefits		
Director	Yes	Number of children
Educational Director	Yes	Number of children
Assistant Director	Yes	Number of children
Cooks and Helpers	Yes	Number of meals
Custodian and Helpers	Yes	Number of children
Accountants and Bookkeepers	Yes	Actual costs
Other Than Personnel Services		
Electric	Yes	Square feet, time
Gas	Yes	Square feet, time
Telephone	Yes	Number of children
Non-instructional Supplies	Yes	Number of children
Maintenance/Janitorial Supplies	Yes	Number of children
Travel Expenses-Non-instructional	No	N/A

Footnote: This program participates in the Child and Adult Care Food Program

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APPENDIX B-2

ALLOCATING COST IN AN EXISTING ACS CONTRACTED HEAD START PROGRAM

ALLOCATING UNIVERSAL PRE-K COSTS

Three (3) Classrooms / 60 children a.m. & 60 children p.m.
Two (2) Classrooms / 40 children am (20 UPK & 20 HS) & 40 children p.m. (20 UPK & 20 HS)
One (1) Classroom/ 20 children am (HS) & 20 children (HS) p.m.

Allowable Board of Ed Costs	Allowable and Allocatable to Head Start	Basis of Allocation
Direct Costs		
Salaries and Fringe Benefits		
Teachers	Yes	Hours—2.5/7.5 hrs.
Assistant Teachers	Yes	Hours—2.5/7.5 hrs.
Teacher's Aides	Yes	Hours—2.5/7.5 hrs.
Social Workers	Yes	Number of children
Family Workers	Yes	Number of children
Other Than Personnel Services		
Instructional Area Facility Cost	Yes	Square feet, time
Equipment Purchase	Yes	Number of children
Equipment Rental	Yes	Number of children
Meals	No	N/A
Snacks	No	N/A
Instructional Supplies	Yes	Number of children
Travel Expenses Instructional/Recreational	Yes	Number of children
Support Services to Children & Families	Yes	Number of children
Parent Involvement	Yes	Number of children
Indirect Costs - Administration and Overhead		
Salaries and Fringe Benefits		
Director	Yes	Number of children
Educational Director	Yes	Number of children
Assistant Director	Yes	Number of children
Cooks and Helpers	Yes	Number of meals
Custodian and Helpers	Yes	Number of children
Accountants and Bookkeepers	Yes	Actual costs
Other Than Personnel Services		
Electric	Yes	Square feet, time
Gas	Yes	Square feet, time
Telephone	Yes	Number of children
Non-instructional Supplies	Yes	Number of children
Maintenance/Janitorial Supplies	Yes	Number of children
Travel Expenses-Non-instructional	Yes	Number of children

Footnote: This program participates in the Child and Adult Care Food Program

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APPENDIX B-3

ALLOCATING COST IN AN EXISTING PRIVATE DAY CARE PROGRAM

ALLOCATING UNIVERSAL PRE-K COSTS

Three (3) Classrooms /55 children
1 three-year-old room/15 children
2 four-year-old rooms/40 children [with 20 Universal Pre-K children (10 in each room)]

Allowable Board of Ed Costs	Allowable and Allocatable to ACD	Basis of Allocation
Direct Costs		
Salaries and Fringe Benefits		
Teachers	Yes	Hours—2.5/7.5 hrs.
Assistant Teachers	Yes	Hours—2.5/7.5 hrs.
Teacher's Aides	Yes	Hours—2.5/7.5 hrs.
Social Workers	No	N/A
Family Workers	No	N/A
Other Than Personnel Services		
Instructional Area Facility Cost	Yes	Square feet, time
Equipment Purchase	Yes	Number of children
Equipment Rental	Yes	Number of children
Meals	Yes	N/A
Snacks	Yes	N/A
Instructional Supplies	Yes	Number of children
Travel Expenses Instructional/Recreational	Yes	Number of children
Support Services to Children & Families	No	N/A
Parent Involvement	Yes	Number of children
Indirect Costs - Administration and Overhead		
Salaries and Fringe Benefits		
Director	Yes	Number of children
Educational Director	Yes	Number of children
Assistant Director	Yes	Number of children
Cooks and Helpers	Yes	Number of meals
Custodian and Helpers	Yes	Number of children
Accountants and Bookkeepers	Yes	Actual costs
Other Than Personnel Services		
Electric	Yes	Square feet, time
Gas	Yes	Square feet, time
Telephone	Yes	Number of children
Non-instructional Supplies	Yes	Number of children
Maintenance/Janitorial Supplies	Yes	Number of children
Travel Expenses-Non-instructional	Yes	Number of children

Footnote: This program participates in the Child and Adult Care Food Program

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THE EARLY CHILDHOOD STRATEGIC GROUP

Advocates for Children
Agenda for Children Tomorrow
Catholic Charities, Diocese of Brooklyn and Queens
Child Care Council at CUNY
Child Care, Inc.
Children's Aid Society
Children's Defense Fund - New York
Citizen's Committee for Children of New York
Collaborative Ventures, Inc.
Day Care Council of New York, Inc.
Early Childhood Policy Research
Federation of Protestant Welfare Agencies
Graham Windham Services for Children & Families
Herbert G. Birch Services
New Visions for Public Schools
Susan Wagner Day Care Center
UJA Federation - New York
United Neighborhood Houses

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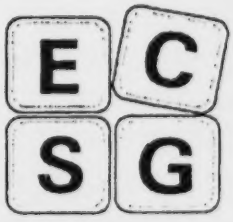
This report is presented by the Early Childhood Strategic Group (ECSG), a partnership of organizations and individuals in New York City, who are dedicated to creating a comprehensive early care and education delivery system in New York City. The ECSG also works with the Emergency Coalition to Save Universal PreK and the Universal Prekindergarten Resource Partnership, a new statewide effort to assure full implementation of this important program.

Since UPK legislation passed in the summer of 1997, the ECSG has created forums and published reports to forward the processes of collaboration and blended funding. This Guide is intended to help child care providers develop accounting procedures that will allow the integration of UPK funds into their chart of accounts.



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